

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RATTLESNAKE RIDGE WATER)	
DISTRICT, CARTER, ELLIOTT AND LAWRENCE)	
COUNTIES, KENTUCKY, (1) FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING)	CASE NO.
CONSTRUCTION OF MAJOR ADDITIONS AND IMPROVE-)	94-341
MENTS TO ITS WATER DISTRIBUTION SYSTEM; AND)	
(2) SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES)	

O R D E R

On September 12, 1994, Rattlesnake Ridge Water District ("Rattlesnake Ridge") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,860,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 370 additional customers. Project funding includes a \$631,000 bond issue to be purchased pursuant to an agreement with Farmers Home Administration ("FmHA"), a \$639,500 grant from FmHA, a \$400,000 grant from the Appalachian Regional Commission, a \$60,000 grant from the Kentucky Department of Parks, and \$129,500 from applicants for service in the proposed project area. The bonds will be financed for a 40-year period from the date of the bond issuance at interest rates of 5 percent per annum for \$434,000 and 4.5 percent per annum for \$197,000.

Rattlesnake Ridge's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to

implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on September 12, 1994, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

KRS 278.023(3) provides that the Commission may recommend changes in the project. Rattlesnake Ridge in its Final Engineering Report proposes to install individual 2- and 1-inch water lines, each of which exceed the maximum length allowed by Commission Regulation 807 KAR 5:066, Section 10(2)(a). The Commission recommends that the project should be changed so that these lines comply with the regulation. Rattlesnake Ridge should review this portion of its project and report on the reasons for its failure to comply with the regulation and any action it determines appropriate to remedy its failure to comply.

IT IS THEREFORE ORDERED that:

1. Rattlesnake Ridge is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Rattlesnake Ridge's proposed plan of financing with FmHA is accepted.

3. Rattlesnake Ridge is authorized to issue bonds not to exceed \$631,000 to be held or insured by FmHA.

4. Within 30 days of the date of this Order, Rattlesnake Ridge shall report to the Commission on the reasons for its failure to comply with 807 KAR 5:066, Section 10(2)(a).


5. Rattlesnake Ridge shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

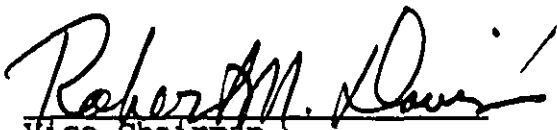
6. Rattlesnake Ridge shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Rattlesnake Ridge shall take immediate action to bring the system into compliance with Commission regulations.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 3rd day of October, 1994.

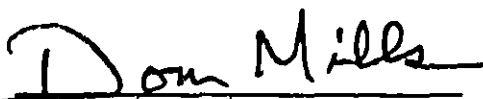
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director